

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.28,740/bale on Wednesday. ICE cotton futures closed red on Tuesday.

News: According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) October report, India's 2020-21 cotton consumption is forecasted at a record 25.5 million bales and exports are projected at a second-highest level in 8 years at 5.8 million. This level of total use is forecasted to lower ending stocks to 12.4 million bales.

The exorbitant global freight and shortage of containers have hit exporters of Panipat. This has resulted in declining export orders by 25-30 percent which is likely to result in loss of business worth Rs. 3,000- Rs. 3,500 crore in the current fiscal. Panipat has an annual exports turnover of approximately Rs. 15,000 crore.

Southern Indian Mills Association has urged the government to take action to stabilize the cotton prices. On 12th October'21, the Southern Indian Mills Association has urged the prime minister to introduce an innovative cotton procurement and trading schemes for Cotton Corporation of India in order to maintain price stability. SIMA suggested that it can be done by providing government funding to procure 10-15 percent of the cotton that arrive in the market during the season and also by creating a strategic stock for price stability, selling cotton only to actual users in a staggered manner till the end of the season and maintaining buffer stock for the next season.

Cotton (narma) prices are at all-time highs in Punjab and Rajasthan, with costs much exceeding the Minimum Support Price in Haryana mandis as well (MSP). The rise in price is due to the expectation of lowest production in the past five years and due to the attack of pink bollworm in some parts, surplus rain in Haryana's cotton belt in August and September months and overall less area under cotton crop in the region this year. Cotton prices in the northern market are currently prevailing between 7,500- 7,700 per quintal against the minimum support price of Rs. 5,726 per quintal. Another reason for the spike in prices is huge demand of the cotton from China, which is the largest importer of the cotton crop, as well as from the local spinning industry.

Telangana has targeted 33.2 lakh metric tonnes of cotton in 2021-22 season. Telanagna government has targeted procurement of 33.2 lakh metric tonnes of cotton during the current year, which is almost double of the previous year (2020-21) yield of 17.89 lakh metric tonnes, which was procured from 5.49 lakh farmers with an estimated value of Rs. 10,167 crore. During the 2020-21 season, Telangana has topped the country in quality cotton production and second in the extent of area under which cotton was cultivated.

Pink Bollworm attack has attached cotton crop in Sangrur. The cotton crop on 1,500 acres in 85 villages of Sangrur has come under pink bollworm attack. In Barnala, the attack has caused panic among farmers. In many villages the repeated sprays of insecticides have failed to prevent the spread of the attack.

Cotton export may go down in 2021-22 season. India's cotton export may go down to 5 million bales in the new season since local demand has been rising. According to Agriwatch estimate, India has exported around 7.5million bales in 2020-21 season. However, good quality cotton is not available right now for exports. From November, supply of good quality cotton would improve, and prices may come down because of supply pressure. Leading cotton producing states including Gujarat, Maharashtra, Telangana and Andhra Pradesh received heavy rainfall in September. The production in the new season is expected to fall as rainfall has badly affected early-sown crop in all key producing states. Crop yields and quality of crop are going to be affected by rainfall. Cotton harvested in the first picking is likely to be of poor quality.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds very likely at isolated places over Andaman & Nicobar Islands, with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, & Muzaffarbad, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh, Delhi, Uttar Pradesh, East Rajasthan, Madhya Pradesh, Vidarbha, Chhattisgarh, Gangetic West Bengal, Odisha, Bihar, Jharkhand, Marathwada, Kerala & Mahe Tamil Nadu, Pondicherry, Karikal. Heavy rainfall at isolated places over south interior Karnataka, Tamil Nadu, Pondicherry, Karikal, Kerala & Mahe, Coastal Andhra Pradesh, & Yanam.

International Fundamentals:

The ICE cotton Futures was lower by 341 points at 106.38 cents/lb. The Cotlook A index was at 119.25 cents/lb. The AWP for cotton was at 91.81 cents/lb.

According to USDA’S World Agriculture Supply and Demand Estimate (WASDE) October report, the 2021/22 U.S. cotton supply and demand estimates show lower production, lower ending stocks, and a higher price compared with last month. Production is lowered 3 percent, to 18.0 million bales as projected yields in Texas are reduced. With domestic mill use and exports remain unchanged, ending stocks are 500,000 bales lower. At 3.2 million bales, U.S. ending stocks in 2021/22 are projected at 18 percent, compared with 17 percent in 2020/21.

According to USDA, as on 10th October 2021, bolls opening were at 78 percent versus the 5 years average of 82 percent. Cotton harvested was at 20 percent versus the 5 years average of 26 percent. However, crop condition has overall improved. The good and excellent categories combined were at 64 percent up from the previous week at 62 percent.

According to the International Cotton Advisory Committee October Report, cotton production and stock projections for the 2021-22 season, the International Cotton Advisory Committee (ICAC) has indicated that the global output of the fibre crop will be around 25.7 million tonnes (mt), which would be higher by six per cent over previous year, but still be lower than the pre-pandemic levels. The ending stocks for 2020-21 has been revised downward to 20 mt, leading to the world cotton supply to be around 45.8 mt for the 2021-22 season. The global consumption is estimated at 25.9 mt.

The Cotton Crop Assessment Committee had revised the Pakistan’s cotton production target downward by 19 percent from 10.5 million to 8.46 million bales. Apart from lowest area under cotton cultivation i.e. 1.871 million hectares, some major biotic constraints including cotton leaf curl virus, mealybug, and whitefly attacks have also forced the government to cut the estimates. According to Syed Fakhar Imam, Federal Minister for National Food Security and Research, cotton production may exceed the estimate of 8.46 million bales, as 2.69 million bales of cotton have been transferred to the ginning factories till September 15, compared to 1.04 million bales in same period of last year. Whereas last year, the cotton production was around 5.57 million bales.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-880	30010	30180	29450	30550	1054	2103

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Oct-21	13-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	Closed	8605	-
	Rajkot	B.T. Cotton	Closed	8250	-
	Patan	B.T. Cotton	Closed	8500	-
	Kadi	B.T. Cotton	7000	7000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	7780	-
Haryana	Bhiwani	B.T. Cotton	Closed	NR	-
	Bhiwani	Desi	Closed	NR	-
	Adampur	B.T. Cotton	7900	7850	50
	Fatehabad	B.T. Cotton	7850	7800	50
	Jind	B.T. Cotton	8300	8300	Unch
	Uchana	B.T. Cotton	7800	7750	50
	Dabwali	B.T. Cotton	7825	7800	25
Rajasthan	Hanumangarh	B.T. Cotton	8100	8000	100
	Rawatsar	B.T. Cotton	8150	8100	50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7200	7200	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6600	6500	100
	Hathras	Desi	7000	7000	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Oct-21	13-Oct-21	
Punjab	Bhatinda	J-34	6090	6090	Unch

	Abohar	J-34	6090	6080	10
	Mansa	J-34	6060	6065	-5
Haryana	Sirsa	J-34	6050	6040	10
Rajasthan	Sri-Ganganagar	J-34	5640	5640	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
	State	Centre	Variety	14-Oct-21	
Gujarat	Ahmedabad	Shankar-6	20400	22100	-1700
	Gondal	Shankar-6	Closed	2797	-
	Rajkot	B.T. Cotton	Closed	3800	-
	Patan	B.T. Cotton	Closed	4157	-
	Kadi	B.T. Cotton	10000	15000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	193	-
Haryana	Bhiwani	B.T. Cotton	Closed	NR	-
	Bhiwani	Desi	Closed	NR	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	700	800	-100
	Jind	B.T. Cotton	510	595	-85
	Uchana	B.T. Cotton	1500	1600	-100
	Dabwali	B.T. Cotton	2000	2000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	300	3500	-3200
	Rawatsar	B.T. Cotton	4000	5000	-1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	2000	1800	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	200	Unch
	Hathras	Desi	30	30	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	14-Oct-21	13-Oct-21	
Punjab	Bhatinda	J-34	10200	11900	-1700
	Abohar	J-34	1700	2550	-850
	Mansa	J-34	510	850	-340
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	14-Oct-21	13-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1430	1490	-60
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1440	1480	-40
Maharashtra	Mumbai	Rs. /10 Kg.	1420	1460	-40

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Oct-21	13-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2723	2754	-32
Maharashtra	Akola	Rs./Qtl	2749	2773	-24

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	14-Oct-21	13-Oct-21	Change
CCIndex(328)	RMB/Ton	21429	21518	-89
CCIndex(527)	RMB/Ton	20370	20434	-64
CCIndex(229)	RMB/Ton	21800	21907	-107

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	14-Oct-21	13-Oct-21	Change
FC Index (S)	Cents/lb	117.9	120.17	-2.27
FC Index (M)	Cents/lb	116.4	118.59	-2.19
FC Index (L)	Cents/lb	115.25	117.43	-2.18

Cotlook Index:

Cotlook Indices	Unit	11-Oct-21	8-Oct-21	Change
A-Index	Cents/Pound	119.25	120.05	-0.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Oct-21	8-Oct-21	Bales
Southeast	cents/lb.	110.35	112.6	0
North Delta	cents/lb.	109.35	111.6	0
South Delta	cents/lb.	109.35	111.6	0
East TX-OK	cents/lb.	107.6	110.7	471
West Texas	cents/lb.	106.85	109.6	25
Desert SW	cents/lb.	103.85	107.35	0
SJ Valley	cents/lb.	104.35	113.25	0

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

Pakistan Cotton Spot rates: As on 11-Oct-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14580
Equivalent	40 Kgs	10074	193	15625

Daily Futures Price Listing Wednesday, Oct 13th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211013	106.36	106.40	103.50	103.86	-2.52	22,843	128,169	-1,665
Dec-21	211013	104.15	104.22	101.31	101.84	-2.26	12,470	87,466	+1,878
Mar-22	211013	103.04	103.22	100.60	100.95	-2.09	4,047	26,218	+762
May-22	211013	101.22	101.42	98.93	99.95	-1.84	2,174	18,544	+197
Jul-22	211013	92.73	92.73	92.73	92.73	-0.51	2	21	+0
Oct-22	211013	89.00	89.63	87.91	88.51	-0.66	1,551	26,044	-109
Total Volume and Open Interest							43,126	288,631	+1,058

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.